

# HOMEOWNERSHIP OPPORTUNITY MINNEAPOLIS LOAN PROGRAM Application Process

**IMPORTANT NOTE:** Please allow 30 days from when your completed application is received to your closing date. There is no guarantee your HOM application will be processed in time for your closing if you do not allow 30 days.

## SECTION A. (all applicants)

When ALL of the documents in Section A are received by the Housing *Resource* Center your application will be reviewed for property and income eligibility. If eligible, HOM funds will be reserved. **Funds will NOT be reserved if only some of the documents are received.** The reservation will expire at the end of 60 days. A written reservation confirmation will be sent.

1. Application Form - attached
2. Government Monitoring Addendum Form - attached
3. Data Privacy Form - attached
4. Authorization to Release Form - attached
5. Subordination Disclosure Form - attached
6. Copy of ID for all applicants
7. Executed Purchase Agreement - most recent copy
8. Uniform Residential Loan Application - (From 1<sup>st</sup> mortgage lender)
9. Good Faith Estimate - (From 1<sup>st</sup> mortgage lender)
10. Copy of income documentation for all income sources from buyer(s) that will reside in the property and have an ownership interest. (This includes spouses and co-signers.)
  - Last 2 years Federal Income Tax Returns, including all forms and schedules
  - Wages: 2 current, consecutive pay stubs
  - Business or Rental Property Income: Year to Date signed income and expense form
  - Current award letter for Social Security, current statement for pensions or child support
  - Divorce decree if applicable
  - Any other documentation necessary related to income

## SECTION B. (applicants receiving purchase financing)

All of the following documents must be received at the Housing *Resource* Center 10 business days prior to closing. Incomplete documentation will not be considered. **Documents that are received in less time than the 10 business days may delay a closing.**

1. Title Commitment - most recent copy
2. Appraisal
3. Home Stretch Class Certificate (from all first-time homebuyer applicants including spouses)
4. Preliminary closing HUD 1

## SECTION C. (Self Financed / Cash Buyers)

In addition to the items listed in Section A, the following documents are required to complete your application for closing. All of the following documents must be received at the Housing *Resource* Center 10 business days prior to closing. **Documents that are received in less time than the 10 business days may delay a closing. Incomplete documentation will not be considered.**

1. \$15.00 check for an individual credit report; \$20.00 for a married couple, payable at time of application.
2. Proof of funds for the purchase.
3. Hazard Insurance binder
4. Home Stretch Class Certificate (From all first-time homebuyer applicants and spouses)
5. Title Commitment - most recent copy
6. Borrower Closing Affidavit
7. Preliminary Closing HUD 1

1. HOM funds may be used only for down payment assistance and normal and usual closing costs. Borrower will receive a no-interest deferred loan due and payable in a single lump sum payment if the property ceases to be their principal place of residence on or before five years from the date of the HOM loan closing. If the borrower remains in the property for five years the loan will be forgiven in total.
2. Property must be located in a Minneapolis neighborhood.
3. Applicants do not have to be a first-time homebuyer to participate in the program, however all first-time homebuyers must complete an approved homeownership class prior to closing.
4. When all of the documents in Sections A and B (C for cash buyers) have been received, the application will be reviewed for final program approval. Incomplete applications will not be considered.
5. When approved, funds for the loan amount and all closing documents for this program will be sent to the title company.

The Greater Metropolitan Housing Corporation is the administrator for the City of Minneapolis HOM Loan Program. GMHC staff are available through the Housing *Resource* Centers to advise and answer any questions about the program.

**Send applications to the Housing Resource Center nearest to the property  
you are purchasing**

**Housing *Resource* Center - North**  
2148 44<sup>th</sup> Ave N.,  
Minneapolis, MN 55412  
(612) 588-3033

**Housing *Resource* Center- South**  
3749 Cedar Ave S.  
Minneapolis, MN 55407  
612- 722-7141



## **Homeownership Opportunity Minneapolis Guidelines**

1. **Program Summary:**  
*Homeownership Opportunity Minneapolis (HOM)* provides homebuyers assistance to purchase a home in Minneapolis.
2. **Loan terms:**
  - a) Zero percent interest.
  - b) No monthly payment.
  - c) The loan is 100% repayable until the fifth anniversary from the date of the loan at which time the loan will be forgiven.
  - d) The mortgage may be subordinated as part of a refinance of the primary loan. These loans are considered a "Special Mortgage" under the terms of Minnesota Statute 58.13.
3. **Loan amount:**
  - a) For borrowers with household incomes at or below \$69,280 the maximum loan will be \$7,500.
  - b) For borrowers with household incomes greater than \$69,280 up to a maximum income of \$99,500 the maximum loan amount is \$5,000.
  - c) This program may not be layered with Neighborhood Stabilization Program or Home Ownership Works homebuyer funds.
4. **Use of funds**
  - a) The payment of downpayment costs.
  - b) The payment of normal and usual closing costs.
  - c) Any portion of the loan that is not applied to the payment of downpayment or closing costs must be repaid to the City of Minneapolis and the loan balance will be reduced accordingly.
  - d) Since the intent of the loan is to help buyers with their home purchase, the loan may not be used to reimburse a borrower for a purchase transaction that has already occurred.
5. **Eligible properties:**
  - a) A single family (including a townhome or condominium) or duplex property located within the city limits of Minneapolis.
  - b) There is no sale price limit.
  - c) The homebuyer must occupy the home within 60 days following the home purchase closing.
6. **Eligible borrower:**
  - a) Borrower must have a valid fully executed purchase agreement at the time of application.
  - b) Borrower must be a U.S. Citizen or be a legal U.S. Resident (have legal immigration status).
  - c) The Borrower does not have to be a first-time homebuyer.
  - d) The borrower's household income may not exceed 115% of the area median income (AMI) which is currently \$99,500. The income of the following persons must be verified and included when calculating Annualized Gross Income:
    - i. Anyone who will have title to the subject property and signs the Mortgage Deed.

- ii. Anyone expected to reside in the subject property and who will be obligated to repay the underlying mortgage loans (signs the Note) but who is not in title to the subject property; i.e. the Co-Signer (not named in title to the subject property and does not sign the Mortgage Deed).
- iii. The legal spouse of the mortgagor who will also reside in the subject property. For borrowers seeking an FHA insured mortgage as their primary loan financing, household income must include the income of all residents of the household, whether or not they will be on the title of the property or be obligated for repayment of the HOM loan.
- e) All cash buyers will be underwritten by the Program Administrator using standards approved by the City.

**7. Homebuyer education:**

First-time homebuyers must complete homebuyer education through the Home Stretch™ program sponsored by the Minnesota Homeownership Center (telephone 651-659-9336 or online at [www.hocmn.org](http://www.hocmn.org)). Online homebuyer education is available using Framework® available through the Minnesota Homeownership Center's website

**8. Combining funds:**

Eligible primary financing:

- a) The loan may be offered in connection with any fixed-rate portfolio FHA, VA, Fannie Mae, or Freddie Mac insured or uninsured loan product that is generally considered in the lending industry to be an "A" or "prime" lending product.
- b) The loan may also be offered in combination with a contract for deed financed and held by a nonprofit developer provided that the nonprofit developer does not sell the contract for deed without the written approval of the City. The contract for deed program must be approved by the City prior to participation in the Local program.
- c) This loan may not be used with sub-prime lending products.

**9. Loan security**

- a) The HOM loan funds will be separately secured by a Promissory Note and Mortgage.
- b) The loan may be secured in a subordinate lien position behind other lender resources.
- c) No title insurance is required.
- d) No mortgagee clause is required in the owner's hazard insurance policy.

**10. Catastrophic Language**

In the event the Mortgage holder and the servicer, in their sole and absolute discretion, after a loss mitigation analysis, find that a catastrophic event, including but not limited to Borrower's death or extended illness, or the extended illness of a close family member who depends primarily on the borrower for support, has occurred which substantially and permanently impairs their ability to repay this Promissory Note and Mortgage and requires them to sell the Property for an amount less than the existing balance on the Promissory Note and Mortgage, that portion of the lien of Promissory Note and Mortgage that can not be satisfied from the proceeds of such sale shall be released.

**HOMEOWNERSHIP OPPORTUNITY MINNEAPOLIS  
CASH BUYERS UNDERWRITING**

**Homeownership Opportunity Minneapolis Loan Program applicants who are purchasing a property with cash must demonstrate the financial ability to sustain homeownership and bring the property to a mortgageable condition.**

- I. Cash buyers will be required to meet at least one of the following criteria to demonstrate an ability to bring the property to a mortgageable condition:**
- a. Creditworthy buyer capable of qualifying for financing to bring the property to a livable condition;
  - b. Proof buyer already has financing arranged to address required repairs cited in the Truth in Housing, Code Compliance Report or report provided by a licensed/certified home inspector;
  - c. Buyer currently has the cash available to correct required repairs.
- II. To determine reasonable costs to correct the required repairs cited in the Truth in Housing, Code Compliance Report or other home inspection report, the buyer must:**
- a. Submit a contractor proposal to GMHC that will be reviewed for reasonableness by a GMHC construction manager, or
  - b. Pay a \$200 fee to GMHC to have a construction manager inspect the property and provide a written cost estimate to the buyer.



## HOMEOWNERSHIP OPPORTUNITY MINNEAPOLIS

### Greater Metropolitan Housing Corporation

#### **Housing Resource Center- North**

2148 44th Avenue North, Minneapolis, MN 55412  
(612) 588-3033

#### **Housing Resource Center- South**

3749 Cedar Ave S. Minneapolis, MN 55407  
(612) 722-7141

**IMPORTANT NOTE:** To ensure approval of your application and the timely delivery of the closing funds and documents, submit complete documentation as required on the "Application Process" sheet. Application review and fund reservation cannot be completed until ALL of the required documentation has been submitted.

Please allow 30 days from when your completed application is received to your closing date. There is no guarantee your HOM application will be processed in time for your closing if you do not allow 30 days.

**PLEASE READ THE ATTACHED PROGRAM GUIDELINES FOR  
DETAILS ON LOAN TERMS AND PROGRAM ELIGIBILITY.**

**I. Applicant's Information** - Application is not complete without information from both spouses regardless of who is purchasing the property

Full Name of Applicant:	Full Name of Co-Applicant:
Social Security Number:	Social Security Number:
Marital Status: o Married o Unmarried (Widowed, Single, or divorced)	Marital Status: o Married o Unmarried (Widowed, Single, or divorced)
Current Address:	Current Address:
Phone Number: (H) ( )	Phone Number: (H) ( )
Alternate Phone Number: ( )	Alternate Phone Number: ( )
E-mail address:	E-mail address:
Are you a first time homebuyer? Yes_____ No_____ (have not owned a home in the last 3 years)	Are you a first time homebuyer? Yes_____ No_____ (have not owned a home in the last 3 years)
Have you attended a homebuyer class within the last 12 months? Yes_____ No_____ If Yes, please attach a copy of the Home Stretch Completion Certificate. First time homebuyers are required to attend a homebuyer class before closing and must submit Completion Certificate.	Have you attended a homebuyer class within the last 12 months? Yes_____ No_____ If Yes, please attach a copy of the Home Stretch Completion Certificate. First time homebuyers are required to attend a homebuyer class before closing and must submit Completion Certificate.

## II. Property Information

Purchase Address: \_\_\_\_\_

Developer Name: \_\_\_\_\_

Is this a cash transaction? Yes \_\_\_\_\_ No \_\_\_\_\_

## III. Required Documentation

Funds are reserved on a first come first served basis with a completed application. In order to reserve funds, a complete application must be received. A complete application must include all of the documents as listed in Section A on the Application Process sheet. Note that when a reservation has been made, it will expire at the end of 60 days.

Documents required for closing include those listed in Section B (Section C for Cash Buyers) on the Application Process sheet. Note - Complete documentation must be received before a review for closing can be done.

## IV. Closing Information

Title Company: \_\_\_\_\_

Contact: \_\_\_\_\_

Address: \_\_\_\_\_

Phone: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

Closing Date: \_\_\_\_\_ Closing Location: \_\_\_\_\_

Mortgage Lending Company: \_\_\_\_\_

Loan Officer: \_\_\_\_\_

Address: \_\_\_\_\_

Phone Number: \_\_\_\_\_ Fax: \_\_\_\_\_

E-mail: \_\_\_\_\_

## VI. Disclosure and Authorization

- ✓ I/We certify that all information contained in this application is true, accurate and complete to the best of my/our knowledge and belief.
- ✓ I/We have read and understand the Program Guidelines.
- ✓ I/We understand HOM loan funds can be used only for down payment and/or normal and usual closing costs.
- ✓ I/We will occupy the home as my/our principal place of residence within sixty (60) days following the home purchase closing, except in the case of a home purchase and repair transaction, I/we will occupy the home within 60 days of the completion of the construction work.
- ✓ I/We will notify GMHC in writing if the home ceases to be my/our principal residence.

Applicant's Signature

Date

Co-Applicant's Signature

Date

## ADDENDUM TO APPLICATION

# Homeownership Opportunity Minneapolis

### Information for Government Monitoring Purposes

The information being requested below is for determining compliance with federal equal credit opportunity, fair housing and home mortgage disclosure law. You are not required to furnish this information, but are encouraged to do so. The law provides that a Lender may not discriminate on the basis of this information, or on whether you choose to furnish the information. If you choose not to furnish this information and you have made the application in person, we are required to note ethnicity, race and sex on the basis of visual observation or surname. Please check below if you choose not to furnish the information.

**DATE OF APPLICATION:** \_\_\_\_\_

APPLICANT	CO-APPLICANT
<b>APPLICANT NAME:</b>	<b>CO-APPLICANT NAME:</b>
<input type="checkbox"/> I do not wish to furnish this information	<input type="checkbox"/> I do not wish to furnish this information
<b>ETHNICITY:</b> (select only one ) <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino	<b>ETHNICITY:</b> (select only one ) <input type="checkbox"/> Hispanic or Latino <input type="checkbox"/> Not Hispanic or Latino
<b>GENDER:</b> <input type="checkbox"/> Female <input type="checkbox"/> Male	<b>GENDER:</b> <input type="checkbox"/> Female <input type="checkbox"/> Male
<b>RACE:</b> (select one or more) <input type="checkbox"/> White <input type="checkbox"/> Black/African American <input type="checkbox"/> Asian <input type="checkbox"/> American Indian/Alaska Native <input type="checkbox"/> Native Hawaiian/Other Pacific Islander <input type="checkbox"/> American Indian/Alaska Native & White <input type="checkbox"/> Asian & White <input type="checkbox"/> Black/African American & White <input type="checkbox"/> American Indian/Alaska Native & Black/African American <input type="checkbox"/> Other Multi Racial	<b>RACE:</b> (select one or more) <input type="checkbox"/> White <input type="checkbox"/> Black/African American <input type="checkbox"/> Asian <input type="checkbox"/> American Indian/Alaska Native <input type="checkbox"/> Native Hawaiian/Other Pacific Islander <input type="checkbox"/> American Indian/Alaska Native & White <input type="checkbox"/> Asian & White <input type="checkbox"/> Black/African American & White <input type="checkbox"/> American Indian/Alaska Native & Black/African American <input type="checkbox"/> Other Multi Racial

\_\_\_\_\_  
**APPLICANT SIGNATURE**

\_\_\_\_\_  
**CO-APPLICANT SIGNATURE**

This Section For Lender Use	
<u>Greater Metropolitan Housing Corporation</u>	
Application received by: _____ mail _____ face-to-face interview _____ telephone _____	
Staff Name: _____	Date _____



THIS FORM MUST BE SIGNED AND RETURNED WITH THE APPLICATION

## AUTHORIZATION TO RELEASE INFORMATION

I have applied for a loan or grant through the Greater Metropolitan Housing Corporation (GMHC), at the HousingResource Center™. As part of the application process, employees of GMHC may verify information contained in my/our loan or grant application and in other documents required in connection with the loan. This verification process can be conducted either prior to closing or subsequent to closing, and may be performed either by employees of GMHC or by independent third parties, as a part of the origination, processing, underwriting, closing or quality control programs of GMHC.

I authorize you to provide to GMHC and to any investor to whom GMHC may sell my loan, to any servicer or any funder of the program for which I have applied, any and all information and documentation that they request. Such information includes, but is not limited to employment history, income; bank, money market and other financial account balances; credit history; copies of income tax returns and property information.

A copy of this authorization may be accepted as an original.

Your prompt reply is appreciated.

Thank you

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

NOTE: Use a separate form for each individual who is an applicant, guarantor or other individual whose information is considered in the application. Only one person signs each form.

THIS FORM MUST BE SIGNED AND RETURNED WITH THE APPLICATION

## AUTHORIZATION TO RELEASE INFORMATION

I have applied for a loan or grant through the Greater Metropolitan Housing Corporation (GMHC), at the HousingResource Center™. As part of the application process, employees of GMHC may verify information contained in my/our loan or grant application and in other documents required in connection with the loan. This verification process can be conducted either prior to closing or subsequent to closing, and may be performed either by employees of GMHC or by independent third parties, as a part of the origination, processing, underwriting, closing or quality control programs of GMHC.

I authorize you to provide to GMHC and to any investor to whom GMHC may sell my loan, to any servicer or any funder of the program for which I have applied, any and all information and documentation that they request. Such information includes, but is not limited to employment history, income; bank, money market and other financial account balances; credit history; copies of income tax returns and property information.

A copy of this authorization may be accepted as an original.

Your prompt reply is appreciated.

Thank you

\_\_\_\_\_  
Print Name

\_\_\_\_\_  
Social Security Number

\_\_\_\_\_  
Date

\_\_\_\_\_  
Signature

NOTE: Use a separate form for each individual who is an applicant, guarantor or other individual whose information is considered in the application. Only one person signs each form.

THIS FORM MUST BE SIGNED AND RETURNED WITH THE APPLICATION

## DATA PRIVACY ACT

In accordance with Minnesota Government Data Practices Act the Greater Metropolitan Housing Corporation (GHMC) is required to inform you of your rights regarding the private data collected from you.

Private data, collected from you or from other organizations authorized by you, is used to determine your eligibility for programs administered by GMHC. The use of private data we collect is limited to that necessary for administering programs and providing our services.

You may refuse to provide the requested information. If you do not provide the requested information, you may not be eligible for specific loans, grants or services.

Unless authorized by state or federal law, other government agencies using the reported private data must also treat the information as private. You may wish to exercise your rights as contained in the Minnesota Government Data Practices Act. These rights include:

- 1) The right to see and obtain copies of the data maintained on you
- 2) The right to be told the contents and meaning of data
- 3) The right to contest the accuracy and completeness of the data

I have read and understand the above information regarding my rights as a subject of government data.

Print Name _____	Print Name _____
Date: _____ Signature _____	Date: _____ Signature _____
Print Name _____	Print Name _____
Date: _____ Signature _____	Date: _____ Signature _____

## Subordination Disclosure

## City of Minneapolis

105 5<sup>th</sup> Avenue South, Suite 200  
Minneapolis, MN 55401

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You are receiving or have received a loan from the City of Minneapolis. This loan is being closed in the name of the City of Minneapolis (City). If at some future date, you choose to obtain a new first mortgage or other financing that uses your home as security, there are some facts you should know about your City loan that may guide your decision.

The first fact you should know is that most, if not all, lenders will want their new mortgage to have as high a lien position as possible. If your new financing is a refinance of your current first mortgage, when your first mortgage is paid off, the City's loan along with any other financing automatically moves up in lien position and the new mortgage takes the lowest lien position on the title of your property. The only way for your new mortgage lender to obtain a first lien position is to either pay off the City's lien or request and obtain the City's approval to have its loan subordinated. Subordinated means that the City signs an agreement that says it will let its lien move to a lower lien position behind the new mortgage, which allows your new mortgage to move to a higher lien position.

The City will consider each subordination request subject to the *CITY'S SUBORDINATION POLICY* in effect at the time of the request.

The City will not consider a subordination request if any of the following conditions exist:

- ◆ New financing is an open-ended line-of credit
- ◆ Violation of Owner Occupancy requirement

**All loan subordinations should be approved by the City prior to the closing of the new financing. The City reserves the right to refuse any subordination request that does not meet the *CITY'S SUBORDINATION POLICY* in effect at the time of the request, or if the request is determined to not be in the City's best interest.**

There is a processing/review fee charged for each subordination request.

Borrower \_\_\_\_\_

Co-Borrower \_\_\_\_\_

Date \_\_\_\_\_

Business Name: \_\_\_\_\_  
Business Address: \_\_\_\_\_  
\_\_\_\_\_

Date: \_\_\_\_\_ through Date: \_\_\_\_\_

## ***Interim Statement***

### **Revenue:**

Gross Income \$ \_\_\_\_\_

### **Expenses:**

Advertising	\$ _____
Bank Charges, Cr Card Fees	\$ _____
Contract Labor	\$ _____
*Gross Wages to Employees	\$ _____
*Gross Wages to Self	\$ _____
*Employer Social Security Taxes	\$ _____
Insurance-business	\$ _____
Interest-loans	\$ _____
Maintenance, Repairs	\$ _____
Office Expenses, supplies, etc.	\$ _____
Office Equipment	\$ _____
Permits and Licenses	\$ _____
Professional Fees	\$ _____
Property Taxes	\$ _____
Rent	\$ _____
Travel	\$ _____
Utilities	\$ _____
Vehicle Expenses	\$ _____
Depreciation	\$ _____
Other:	\$ _____
Other:	\$ _____

Total Expenses: \$ \_\_\_\_\_

**Net Income (Loss):** \$ \_\_\_\_\_

This is an accurate summary of my YTD Income and Expenses.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

\_\_\_\_\_  
Name (print)